Inflation Could Surge Above 8%: Here's How to Protect Your Retirement Nest Egg

Description

Your retirement nest egg took decades to build, and to have inflation put a dent in it is just unacceptable. Fortunately, retirees do not need to settle for less with bond markets, GICs, and other unrewarding investments. Savers have been punished, and there are few places to truly "hide" from a stock market crash. Still, for retirees who need their wealth to last for another several decades, the "fear of running out of money" is a source of great anxiety.

It's scary to be an investor in stocks these days. I'll not go over the numerous things worrying the markets, because they've already been factored in at today's valuations. As the negative spiral continues, though, retirees will have a chance to get better prices on wonderful stocks. And they should look to deploy some cash, regardless of whether there's a recession on the horizon as expected by some pundits or the start of a worsening geopolitical storm.

Undoubtedly, tuning into the news can have you scared out of your wits and ready to hit that sell button. For a retiree, the beast of inflation is arguably the one that's scariest. You need not fear it if you have a plan to offset it.

Inflation fighting 101: Investing amid massive price increases

Stocks are the best game in town for inflation fighting. Not all stocks are built the same, however. You need undervalued stocks of companies that can pass on added costs to the consumer with little resistance. Undoubtedly, any firm can jack up the price of its goods. But only a select few can do so without seeing sales lose a bit of traction. In the early stages of inflation, wages won't catch up, and consumers will be pickier with what they'll continue buying and what they'll cut.

Indeed, such an inflationary phenomenon can make it look like we're headed for a recession. Maybe inflation-hit consumers pullback on goods that matter least to them. Who isn't resistant to price increases these days? We all want a good deal, and inflation, to many of us, is just not something we're willing to embrace with open arms. The firms absorbing inflation's blow will likely come out on top as consumers flock to them. It's a classic trade-off: sales versus price increases.

Though consumers will get used to the new normal of higher prices, they'll at first be resistant. And it's firms with brand power and purchasing power that can benefit from the inflationary storm at the end of the day!

Restaurant Brands: A perfect inflation fighter for retirees and everybody else

Currently, **Restaurant Brands International** (TSX:QSR)(NYSE:QSR) stands out to me as an inflation winner. It's sold off and can enjoy a sales boost moving forward, as consumers look to save money. Restaurant Brands can keep prices low. In an era of higher food costs, expect consumers to go for that Whopper or breakfast sandwich instead of eating at a restaurant or the local Whole Foods.

It seems like a recession right now. It's not a mystery as to why many Canadians think we're headed for one. Inflation's impact has many feeling like a terrible downturn has arrived. In reality, it's just inflation and a natural reaction to avoiding its blow.

Restaurant Brands may see input costs surge, but a sales rise could prove a great opportunity. Why? The company has invested heavily in its mobile app. As it draws in sales with low prices, it can make most of its loyalty program, which aims to increase visits and purchases per visit. Indeed, there's a lot of tech going on behind the scenes of QSR.

It can take the jab of inflation on the chin if it means beckoning in more customers, many of which could stick around for years after this inflationary storm, if the mobile app can work its magic.

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Date
2025/08/23
Date Created
2022/05/07
Author
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